



INTERMEDIA COMMUNICATIONS / DIGEX
EXHIBIT 2 TO RESPONSE TO RFP NO. 26181
SAMPLE BILL

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Correspondence To:
One DIGEX Plaza
Beltsville, MD 20705

Remit to:
P.O. Box 630905
Baltimore, MD 21263

Federal Tax I.D. Number: 52-1986462
For billing inquiries email: corpbill@digex.net
phone: 301-847-5060

Date: 9/23/1997
Invoice Number: 199387
Account Number: 0000001557

Payment Term: Due Upon Receipt

DIGEX
One Digcx Plaza
Beltsville, MD 20705
Attn: Accounts Payable

Previous Unpaid Balance.....:	2,294.25
Total Charges For Invoice Number 199387.....:	2,294.25
Total Credited To Invoice Number 199387.....:	(2,294.25)
Total Balance.....:	2,294.25

Account Statement:

<u>Date</u>	<u>Description</u>	<u>Amount</u>	<u>Balance</u>
08/26/1997	Invoice 189106	2,294.25	2,294.25
09/23/1997	Invoice 199387	2,294.25	4,588.50
10/29/1997	Invoice 212192	23,963.59	28,552.09
12/08/1997	Credit Memo for Invoice 212192	23,963.59 CR	4,588.50
12/08/1997	Credit Memo for Invoice 199387	2,294.25 CR	2,294.25

Please detach and return with your payment

Account Name: DIGEX
Account Number: 0000001557
Invoice Number: 199387

Amount Due: \$2,294.25
Amount Enclosed: _____

DIGEX, Incorporated
P.O. Box 630905
Baltimore, MD 21263

Please make address corrections on back



DIGEX, Incorporated**Invoice Details****DIGEX**

One Digex Plaza

Beltsville, MD 20705

Attn: Accounts Payable



Date: 9/23/1997

Invoice Number: 199387

Account Number: 0000001557

<u>Billing Code</u>	<u>Description</u>	<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
28769	Leased Line: Point to Point (PPP) N/A Order: LL00000006798 Site: 611 Folsom Street San Francisco, CA 94107 Service level: Standard			
	Monthly Recurring Period 10/01/1997 to 10/31/1997	1	2,100.00	2,100.00
	Reimbursement for Taxes Paid on Behalf of Customer Period 10/01/1997 to 10/31/1997	1	194.25	194.25
Sub-Total				2,294.25
Total Tax				0.00
Total Invoice				2,294.25



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3RD QUARTER FINANCIAL RESULTS

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CONTACTS:

Robert M. Manning
Senior Vice President and
Chief Financial Officer
813/829-2403
or
Chris Brown
Senior Vice President,
Investor Relations
813/829-2408

**INTERMEDIA COMMUNICATIONS REPORTS
RECORD THIRD QUARTER REVENUE OF \$71.2 MILLION**

Margin Improvement Programs Boost EBITDA by \$11 Million

50,000 Access Lines In Service

TAMPA (October 22, 1997) – Intermedia Communications (Nasdaq/NM: ICIX), one of the nation's fastest growing providers of integrated telecommunications services, today reported record revenue for the quarter ended September 30, 1997, of \$71.2 million, a 42% increase from \$50.1 million in the second quarter of 1997, and an increase of 110% compared with \$34.0 million for the third quarter of 1996. The Company posted revenue for the nine months ended September 30, 1997, of \$165.3 million, a 157% increase from \$64.3 million for the same period in 1996.

"Intermedia continues to post exceptional revenue growth and demonstrate its ability to capture local market share while improving overall margins," said David C. Ruberg, Intermedia's Chairman, President and Chief Executive Officer. "We are especially pleased that our overall gross margin improved from 12% in the second quarter to 16% in the third quarter while we added substantially to our network infrastructure. We installed eight additional local/long distance voice switches and initiated service on one of them, bringing the total number of voice switches in service to 13, and we fully integrated the five switches purchased from Telco Communications Group into the interexchange network. We installed and initiated service on 19 additional data switches bringing the total to 130, and continued the roll out of our nationwide ATM backbone network. We also introduced ViewSPAN, the industry's most comprehensive monitoring tool for frame relay services, and in just seven months completed the full integration of our NetSolve data network services acquisition."

EBITDA for the quarter was \$(13.3) million. This is an improvement of \$11.4 million compared with \$(24.7) million for the previous quarter, giving consideration to the acquisition of DIGEX, as if it had been completed at the beginning of the second quarter, and a \$0.8 million improvement compared with the \$(14.1) million reported by the Company in its second quarter results.

"The EBITDA improvement is the direct result of the fundamentals of our business plan—achieving critical mass, increasing network densities, and leveraging communities of interest. These have been accompanied by deliberate and focused margin improvement efforts," added Robert M. Manning, Intermedia's Chief Financial Officer. "These programs include margin zone selling, managing the mix of resale and on-net local service, line cost control, least cost routing of off-net switched traffic, leveraging purchasing power, acquisition integration, and internal process streamlining. We believe the result to be one of the highest levels of quarterly EBITDA improvement ever achieved in the CLEC industry."

The Company reported 50,740 access line equivalents in service at the end of the quarter, an increase of 20,007, or 65%, compared with the 30,733 at the end of the prior quarter. At the end of the third quarter, Intermedia was selling its full suite of local, long distance, and data services in 19 markets, compared with 16 markets at the end of the second quarter. "The fundamental value of our local and long distance package continues to be well received, as indicated by the quarter's access line growth," added Ruberg.



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Revenue from local network services for the quarter was \$11.8 million, a 48% increase compared with \$8.4 million in the second quarter of 1997, and an increase of 258% compared with \$3.3 million in the third quarter last year. Enhanced data services revenue for the quarter was \$30.8 million, an increase of 143% compared with last quarter's \$12.7 million, and a 188% increase compared with \$10.7 million in the third quarter of 1996. Much of this growth is due to the inclusion of revenue from Intermedia's DIGEX subsidiary, which is reported in this category. Without including the revenue from DIGEX, revenue in this category grew 34% sequentially, from \$12.7 million in the second quarter to \$17.0 million in the third quarter.

"We are most encouraged that we more than tripled revenue for local services in the past year," commented James F. Geiger, Intermedia's Senior Vice President of Marketing and Sales. "We have been building a stable base of local / long distance customers since we first introduced the local / long distance service bundle in the fourth quarter of 1996, and are adding new access lines at an increasing rate each quarter. Our disciplined selling in targeted 'margin zones' within each local market is an important contributor to managing the business to an improved EBITDA."

Interexchange services revenue was \$27.6 million, 0.4% below last quarter's revenue of \$27.7 million, and an increase of 43% compared with \$19.3 million in the third quarter of 1996. "The slight decrease in interexchange revenue was the result of the margin-focused trimming of some switched long distance traffic, and we anticipate that this trimming will continue through the remainder of 1997," commented Manning. "We are pleased with the number of new customers added and the increase in business from current customers in this service category, and are positioned to deliver better margins from this key revenue source."

The Company reported that its DIGEX subsidiary, a provider of business Internet connectivity and web hosting services, whose acquisition was completed in July, posted revenue for its services of \$13.8 million for the quarter, an increase of \$2.9 million sequentially, or 27%. "During the quarter we began realizing synergies resulting from the integration of DIGEX," said Ruberg. "In addition to their rapid revenue growth, DIGEX added new customers to whom we can also offer local, long distance, and other data services." During the quarter, the number of Internet services customers increased by 19%, and average monthly recurring revenue per customer increased by 9% to \$1,374.

Other highlights of the quarter included:

Completed Private Offerings of Convertible Preferred Stock and Senior Discount Notes, raising approximately \$547 million, approximately \$200 million of which was used to retire the Company's 13 1/2% Senior Notes.

Completed the acquisition of DIGEX for approximately \$175 million.

Received a two-year Internet access services contract from the state of New York.

Signed Interconnection Agreements with Ameritech for Ohio and Illinois.

Received CLEC certification in Missouri and Oklahoma.

The Company also announced its intention to raise approximately \$400 million of additional capital through a Rule 144A private offering of a combination of convertible preferred stock and senior notes, which is expected to close next week. These securities will not have been registered under The Securities Act of 1933 and may not be offered or sold absent registration or an applicable exemption therefrom.

Statements contained in this news release regarding expected financial results and other planned events are forward-looking statements, subject to uncertainties and risks, including, but not limited to, the demand for Intermedia's services, and the ability of the Company to successfully implement its strategies, each of which may be impacted, among other things, by economic, competitive, or regulatory conditions. These and other applicable risks are summarized under the caption "Risk Factors" in the Company's Form 10-K Annual Report for its fiscal year ended December 31, 1996, and are updated periodically through the filing of registration statements with the Securities and Exchange Commission.



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Intermedia Communications is one of the nation's fastest growing telecommunications companies, providing integrated telecommunications solutions to business and government customers. These solutions include voice and data, local and long distance, and advanced network access services in cities throughout the eastern United States. Intermedia's enhanced data portfolio, including frame relay networking, ATM, and a full range of business Internet connectivity and web hosting services, offers seamless end-to-end service virtually anywhere in the world.

Intermedia, headquartered in Tampa, Florida, with sales offices in over 40 cities in the eastern U.S., trades on the Nasdaq Stock Market's National Market under the symbol ICIX. Intermedia is on the World Wide Web at <http://www.icix.net>.



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INTERMEDIA COMMUNICATIONS INC.
Financial Highlights

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
Revenue:				
Local network	\$ 11,814,451	\$ 3,288,129	\$ 25,456,832	\$ 9,066,612
Enhanced data (includes DIGEX)	30,843,032	10,746,140	54,630,932	19,483,331
Interexchange	27,636,826	19,248,646	80,677,171	31,806,343
Integration	<u>952,273</u>	<u>696,761</u>	<u>4,152,184</u>	<u>3,383,841</u>
Total revenue	71,246,582	33,979,676	165,317,118	64,333,127
Expense:				
Network operations	49,032,312	25,002,848	118,295,389	41,553,809
Facilities administration and maintenance	9,985,043	2,413,146	21,409,346	4,316,392
Cost of goods sold	502,956	589,061	2,536,768	3,174,422
Selling, general and administrative	25,004,230	10,173,542	64,982,615	23,883,954
Depreciation and amortization	16,100,382	5,254,557	34,273,921	12,068,540
Charge for in-process R&D	<u>60,000,000</u>	<u>—</u>	<u>60,000,000</u>	<u>—</u>
Total operating expenses	<u>160,624,923</u>	<u>43,433,154</u>	<u>299,498,039</u>	<u>84,997,117</u>
Loss from operations	(89,378,341)	(9,453,478)	(134,180,921)	(20,663,990)
Other income (expense)				
Interest	(17,688,715)	(10,773,537)	(39,894,964)	(24,178,666)
Other	<u>6,735,583</u>	<u>5,722,714</u>	<u>16,691,459</u>	<u>9,201,073</u>
Loss before extraordinary items	(100,331,473)	(14,504,301)	(157,384,426)	(35,641,583)
Extraordinary item - loss on early extinguishment of debt	<u>(43,834,156)</u>	<u>—</u>	<u>(43,834,156)</u>	<u>—</u>
Net loss	(144,165,629)	(14,504,301)	(201,218,582)	(35,641,583)
Preferred stock dividends & accretion	<u>(13,895,066)</u>	<u>—</u>	<u>(27,118,377)</u>	<u>—</u>
Net loss attributable to common shareholders	<u>\$ (158,060,694)</u>	<u>\$ (14,504,301)</u>	<u>\$ (228,336,959)</u>	<u>\$ (35,641,583)</u>
EPS before extraordinary loss and charge for in-process R&D	<u>\$ (3.24)</u>	<u>\$ —</u>	<u>\$ (7.56)</u>	<u>\$ —</u>
EPS before extraordinary loss	<u>\$ (6.82)</u>	<u>\$ (0.90)</u>	<u>\$ (11.21)</u>	<u>\$ (2.69)</u>
EPS after extraordinary loss	<u>\$ (9.44)</u>	<u>\$ —</u>	<u>\$ (13.87)</u>	<u>\$ —</u>
Weighted average shares outstanding	16,739,730	16,126,448	16,462,731	13,242,546
EBITDA ⁽¹⁾	\$ (13,277,959)	\$ (4,198,919)	\$ (39,907,000)	\$ (8,595,450)

(1) Earnings before interest, taxes, depreciation and amortization (EBITDA) is a measure of operating cash flow.



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Statistical Data:

	September 30, 1997	June 30, 1997	
Transport Services:			
Buildings connected(1)	2,703	1,680	
Route miles	762	692	
Fiber optic miles	33,801	33,197	
Network cities: in operation	10	10	
Enhanced Data Services:			
Data switches installed	130	111	
Frame relay cities	3,787	2,720	
Nodes in service	17,286	15,096	
NNI connections	366	321	
Local and Long Distance Services:			
Voice switches in operation	13	12	
Long distance billable minutes	111,049,341	101,538,231	
Access line equivalents	50,740	30,733	
Gross PP&E	\$ 453,544,957	\$ 347,588,395	
Employees	1,820	1,143	
Stock Price:			
	High	Low	Close
First Quarter	\$ 26.25	\$ 12.875	\$ 16.625
Second Quarter	\$ 33.00	\$ 15.50	\$ 32.375
Third Quarter	\$ 48.00	\$ 30.375	\$ 46.9375

(1) Includes both on-net direct connections with ICI-owned fiber optic cable and on-net extended connections with leased circuits.

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West Virginia Network for Educational Telecomputing

837 Chestnut Ridge Road Morgantown, WV 26505
Tel: (304) 293-5192 Fax: (304) 293-5540



January 16, 1998

Intermedia Communications, Inc.
Attn: Chris C. Gatch, Government Account Manager
360 Interstate North Parkway
Suite 500
Atlanta, GA 30339

RE: RFP# 26181

STATEMENT OF AWARD

Dear Mr. Gatch:

Please be advised that Bell Atlantic Internet Solutions, Inc. has been selected as the apparent successful vendor for the above referenced solicitation for the procurement of DS3 Dedicated Internet Service. Formal award for this contract is subject to approval as to form by the State of West Virginia Attorney General's Office.

Upon approval, a formal purchase order will be issued. Thank you for your participation in this bid. We will retain your company in our database for future bids.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Janice L. Gross'.

Janice L. Gross
Director of Purchasing

cc: WVNET Senior Staff
Allen Daugherty, Manager of Telecommunications